

COMMITTEE ON GOVERNMENT REFORM
CONGRESSMAN TOM DAVIS, CHAIRMAN



NEWS RELEASE

For Immediate Release
May 22, 2003

Contact: David Marin/Scott Kopple
(202) 225-5074

House Approves Davis Amendment Creating
Human Capital Performance Fund
"It's Time for Pay Parity PLUS Performance"

Washington, D.C.—The House this evening approved an amendment authored by Government Reform Committee Chairman Tom Davis (R-VA) to the FY2004 Defense Authorization bill creating a Human Capital Performance Fund that will enable agencies to reward their highest performing and most valuable employees, a common-sense idea that the current civil service system prohibits.

In his fiscal year 2004 budget submission to Congress, the President proposed the creation of a Human Capital Performance Fund that would provide for base pay increases of up to 10% for individual employees, based on exceptional performance and contribution to an agency's mission.

H.R. 1836, the "Civil Service and National Security Personnel Improvement Act," which Davis introduced with Armed Services Committee Chairman Duncan Hunter last month, included the language Davis offered today. In addition, the Government Reform Committee approved the Performance Fund during its consideration of H.R. 1836 earlier this month.

The amendment authorizes \$500 million for the fund for FY2004, of which 90% would be available to agencies. The other 10% would be used to train federal managers on how to effectively manage and evaluate employee performance.

To qualify for funds from the Performance Fund, agencies must submit a plan demonstrating that its performance management system supports its strategic goals and performance objectives and is able to "make meaningful distinctions in individual performance."

In addition, the Government Reform Committee included additional requirements that agencies must certify that their agency plans contain certain elements that are essential to a good performance management system, such as adherence to merit principles, transparency, employee feedback, and sufficient training.

“Quality people want to work in an atmosphere where performance is rewarded,” Davis said. “The workforce crisis is due in large part to a compensation system written decades ago, in a different world. The General Schedule system is built on 19th century principles of centralized policy development, rigid job classifications, and uniform pay scales. It is, in effect, a one-size-fits-all philosophy where seniority and longevity are the principle factors for advancement. It is this system that has caused many to leave the government workforce. It is this system that makes a culture of achievement nearly impossible to achieve.”

Davis stressed that the incentive payments paid to employees from the performance fund would be in addition to an employee’s current salary and General Schedule grade; be continuing rather than just a “one time” bonus; and be part of base pay for purposes of retirement and other benefits. The legislation also emphasizes respect for equal annual pay raises for civilian and military federal employees.

“I’ve long been a champion of the tradition of pay parity between military and civilian employees, believing equal pay raises are the good and just thing to do,” Davis said. “It’s time for pay parity *plus* performance, for annual pay increases *and* bonuses for the best and brightest.”

At the time of this release, the House continued to debate the FY2004 Defense Authorization bill, which also includes historic personnel reforms at the Department of Defense and critical procurement reform language also authored by Davis.

###